



The President's Daily Brief

2 June 1971

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FOR THE PRESIDENT ONLY

THE PRESIDENT'S DAILY BRIEF

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PRINCIPAL DEVELOPMENTS

The South Vietnamese pullback from Snuol is discussed on *Page 1*.

Cambodia's new government is troubled by the same sense of drift and indecision that plagued its predecessor. (*Page 2*)

Chile has concluded several economic agreements with the USSR providing for more Soviet aid and the establishment of a trade mission in Moscow. (*Page 3*)



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A Soviet Y-class ballistic missile submarine is heading toward a patrol station off the US west coast. (*Page 5*)

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Cambodia: Current Situation



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CAMBODIA - SOUTH VIETNAM

Official reports on the South Vietnamese pull-back from Snuol indicate that three ARVN battalions have taken substantial casualties in several days of heavy fighting. Incomplete accounts list 37 South Vietnamese dead and more than 150 wounded. The US command in Saigon reports that two regiments from the Communists' 5th Division carried out a series of well coordinated attacks against the withdrawing ARVN units, following a pattern similar to that seen near Dambe in February and March and along Route 7 in April. The South Vietnamese are claiming more than 1,000 enemy killed in the fighting.

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The pullback from Snuol, one of the northernmost South Vietnamese penetrations into Cambodia, is unlikely to have much impact on the military situation, at least in the short run. Heavy rains are fast approaching in this region, and rains and flooding in the past have made it difficult for the Communists to carry out large-scale attacks or supply buildups.

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ARVN forces also are continuing operations along Route 7 to the south of Snuol near Mimot and farther west toward Kompong Cham.

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CAMBODIA

Nearly a month after it was installed, the new government is having trouble dispelling the sense of drift and indecision that marked the previous administration. Some high-ranking officials are already complaining about the obstacles that they are encountering in trying to come to grips with the country's thorniest problems. Two ministers are having a particularly difficult time:

--Finance Minister Sok Chhong is concerned over the lack of cabinet support for efforts to halt continuing economic deterioration. Chhong admits that currency devaluation, price controls, and more stringent efforts to stop payroll padding in the army are likely to be unpopular in some quarters, but he believes that the real difficulty is the cabinet ministers' unfamiliarity with economic problems and their reluctance to address them.

--In Tam, the able first deputy prime minister, is having trouble lining up support for plans to get a pacification program under way. One key aspect of his program, calling for the conversion of the military police into a rejuvenated national police under his control, has run into formidable political opposition. In Tam has threatened resignation if his recommendations are not approved.

The government's search for solutions to its complex problems is further complicated by Prime Minister Lon Nol's continuing involvement in day-to-day affairs. When the new government was formed it was understood that Lon Nol would be a figurehead prime minister with Prime Minister Delegate Matak holding the real reins of authority. Lon Nol, however, is reported to be conferring with certain Cambodian Army field officers on a daily basis and is otherwise blurring the lines of authority within the military establishment.

Matak is concerned over what appears to be a breakdown in his understanding with Lon Nol. He and other key officials are also concerned over the fact that access to Lon Nol is controlled by a small entourage headed by his brother, Lon Non.

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CHILE - COMMUNIST EUROPE

The major development thus far in Chilean Foreign Minister Almeyda's current trip to Eastern Europe and the USSR was the signing last week of several economic agreements with Moscow. According to TASS and Chilean press reports, these agreements provide for increasing to \$55 million an unused \$15-million Soviet credit for machines and equipment originally offered in 1967; they also call for aid to a variety of industrial projects, and for the establishment of the first permanent Latin American trade mission in Moscow. A high-ranking Chilean economic delegation which is making a more leisurely tour of Almeyda's circuit probably worked out the details of the agreement prior to the foreign minister's arrival.

It now appears that Chile is ready to use Soviet credits and other economic assistance in amounts greater than any other Latin American country except Cuba. Allende is facing increasingly complicated economic problems at home

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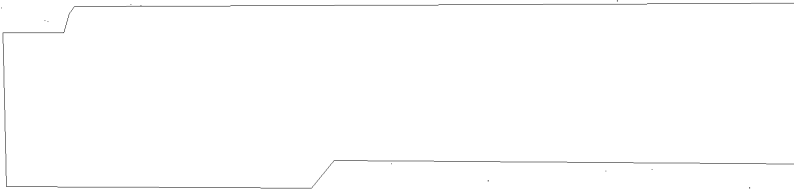
It would be consistent with his approach to domestic issues for him to try to arouse West European, Japanese, and US economic interest by demonstrating how easily he can deal with the Bloc.

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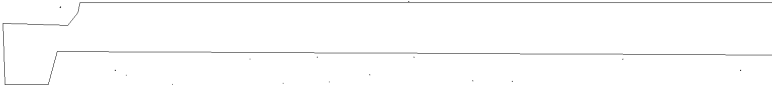
WEST GERMANY



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NOTE

USSR: A Y-class ballistic missile submarine is heading toward a patrol station off the US west coast. The timing of this patrol--the third since last October--and the transfer of a Y-class unit from the Atlantic earlier this year suggest that the Soviets plan to keep at least one of the four Y-class units now available in the Pacific on patrol continuously. Two or three Y-class units are also normally on patrol in the Atlantic.

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